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More Bombast on Free Trade

Remember the hyperbole in Congress over the North American Free Trade Agreement? NAFTA eventually was approved in 1994 and the results have belied the prophets of doom, who predicted massive economic dislocations in the United States. Warnings that NAFTA would transform Mexico into a giant vacuum cleaner, sucking in American companies and jobs, turned out to be way off the mark. If there is a sucking sound, it's coming from China, not Mexico.

The sound and fury of protectionists are being heard again. Their target is the Central American Free Trade Agreement signed last year by the United States, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic. Without the endorsement of both chambers of Congress, CAFTA would remain in limbo.

Common sense prevailed in the Senate, where CAFTA was approved on a 54-45 vote last week. But the prospects are unclear in the House, many of whose members are hoisting protectionist flags.

What should be kept in mind is that nearly 80 percent of Central American products already enter the United States duty free, while U.S. exports to the region, amounting to more than \$15 billion, are subject to tariffs and quotas. Those trade barriers would be removed under CAFTA, benefiting U.S. exporters and 44 million Central American consumers.

The agreement would "strengthen our security at home by promoting democracy and prosperity in our hemisphere," contends the White House. Although this argument is overdone, there are more pluses than minuses to CAFTA.

The big minus, until recently, was that labor and environmental laws are lax in Central America. But the Bush administration now supports allocating \$160 million to strengthen and help enforce those laws in Central America. That would be a far better approach than what exists today, which are few effective laws that guard against the abuse of workers and the environment.

A clear plus for the United States is the agreement's provisions on protecting patents and trademarks. Governments in the region would no longer be able to look the other way while piracy of music, videos and software takes place.

Still another plus is that a free trade zone would help Central American textile makers use American-made yarn and fabric in their exports to the United States, in contrast to Chinese imports that often have no U.S. content.

The interests of all sides would be better served with a free trade agreement than without one.